

## **Review of RRB and SSA Exchange of Death Information**

### **Report No. 00-02, February 2, 2000**

#### **Background**

The RRB is an independent agency in the executive branch of the Federal government. The RRB administers the health and welfare provisions of the Railroad Retirement Act (RRA) that provides retirement benefits for eligible railroad employees, their spouses, widows, and other survivors. The RRB's Office of Programs is responsible for managing the program operations of the agency. During fiscal year 1998, the RRB paid \$8.3 billion in RRA benefits. At the end of the year, there were approximately 718,000 annuitants receiving benefits under the RRA.

The RRB quits paying RRA benefits upon an annuitant's death. It is important that family, friends, and others notify the RRB promptly in the event of death. Failure to report can result in an overpayment, which the RRB will take action to recover, sometimes with interest or penalties.

The RRB has established program integrity activities that identify new information or verify existing information relevant to determining initial or continuing eligibility and entitlement to benefits. These activities are critical to ensuring that benefits continue to be paid in the correct amount to eligible and entitled annuitants and to detect fraud and abuse. Under one such activity SSA sends death information to the RRB on a monthly basis. The RRB matches its active payment records with the SSA death information to identify payments made to deceased annuitants.

The RRB's Strategic Plan reflects that one of the agency's goals is to provide excellent customer service. Some of the objectives under this goal are to make accurate and timely benefit payments. This audit supports those objectives.

#### **Objective, Scope and Methodology**

The OIG performed this review to determine whether the RRB and SSA exchanged death information in a timely and accurate manner to prevent the overpayment of benefits to RRB annuitants. The OIG also determined if the RRB initiated collection action in a timely manner.

OIG auditors accomplished the audit objective by:

- reviewing Management Control Review documents;
- reviewing prior related audits;
- reviewing the RRB's Strategic Plan and Annual Performance Plan;
- interviewing RRB employees;
- preparing questionnaires;

- obtaining and analyzing data related to overpayments resulting from unreported deaths; and
- identifying overpayment cases without collection action.

The audit scope covered the review of procedures and systems involved in receiving death data from SSA, the processing of the data at the RRB, and the frequency of RRB transmissions of death data to SSA. The audit time frame for the review covered fiscal year 1998 data exchanges. Subsequent changes in procedures that were related to the audit area were also reviewed.

The audit staff conducted the review in accordance with generally accepted government auditing standards appropriate to the objectives described above. Fieldwork was performed between January and December 1999 at RRB headquarters in Chicago, Illinois.

### **Results of Review**

During fiscal year 1998, the RRB identified \$31.2 million in benefit overpayments to 31,680 deceased annuitants. While the RRB and SSA performed data exchanges of death information in a timely and accurate manner, the RRB continues to issue erroneous benefit payments to deceased annuitants. The RRB can reduce the number and amount of overpayments by immediately suspending benefits upon receipt of death information from SSA.

The RRB can improve debt collection by establishing internal controls to ensure that benefits are terminated in a timely manner. Once the agency terminates benefits, it can establish debts and initiate collection action.

### **Suspension of Benefits Based on SSA Death Data**

The RRB overpays benefits because it does not suspend benefits immediately based on death information received from SSA.

RRB computer programs match SSA death data and RRB records to identify deceased RRB annuitants that are still in pay status. Once identified, the Office of Programs initiates telephone contacts and sends letters to verify the accuracy of SSA death data. The computer matching agreement between the RRB and SSA requires that the RRB verify the fact and date of death provided by SSA, before taking any action affecting payments.

Office of Programs' procedures for verifying death data and suspending benefits takes about 40 days. The RRB takes approximately 10 days to prepare and mail letters to an annuitant's family at the annuitant's last known address. The RRB then allows 30 days for a response prior to suspending benefit payments. If no response is received, the combined 40-day processing could result in the issuance of one or two erroneous benefit

payments before the RRB suspends benefits. Workloads and human errors related to manual processing can result in additional delays and overpayments.

If the RRB suspends benefits immediately upon receipt of SSA death data, it would significantly reduce the number and amount of overpayments. The OIG estimated that the RRB's death verification procedures resulted in the issuance of approximately \$950,000 in erroneous benefits to 839 annuitants during fiscal year 1998.

While the RRB is now complying with established procedures and the terms of the matching agreement with SSA, it is not complying with the basic requirement to quit paying benefits upon an annuitant's death. The overpayments are also inconsistent with the agency's goal of providing excellent customer service and its objective of making accurate benefit payments.

RRB data on erroneous death information indicates that death data received from SSA during fiscal year 1998 was 98.6% accurate. Since the SSA death data contains some erroneous information, immediate suspension action could result in erroneous suspensions in up to 1.4 % of the cases. The RRB could address this situation by quickly reversing any erroneous suspensions and promptly issuing checks or electronic payments.

### **Recommendations**

The Office of Programs should:

-- investigate the feasibility of revising the death match agreement with SSA to allow immediate suspension of benefits prior to any verification actions (Recommendation No. 1); and

-- establish procedures to immediately suspend RRB benefit payments when deaths are identified as a result of the computer death match programs with SSA (Recommendation No. 2). Implementation of recommendation number two is contingent upon implementation of recommendation number one.

### **Management's Response**

Policy and Systems will contact the Office of Management and Budget (OMB) to determine if the guidelines contained in OMB Bulletin No. 92-04 allow suspension of benefits without independent verification of the information received from the computer match.

Policy and Systems will consider renegotiating the terms of the death match with SSA if OMB provides written confirmation that independent verification is not required. Policy and Systems will contact OMB and provide an update on the status of Recommendation No. 1 by May 31, 2000.

The Office of Programs will determine what if any action it will take on Recommendation No. 2 as part of the disposition of Recommendation No. 1.

### **Termination of Benefits and Collection of Overpayments**

The RRB does not always initiate collection action in a timely manner because it does not have effective procedures for terminating benefits.

RRB suspension action stops the issuance of benefit payments. However, the RRB does not initiate collection of overpayments until benefit payments are terminated. The RRB's practice regarding SSA death data is to leave an account in suspense status until the death has been verified. Once the agency verifies the death information, it terminates benefits. The RRB has not established a time limit for terminating benefits when it has been unable to verify the death data. As a result, collection action can be delayed for years.

A review of the 131 death match cases in suspension status as of November 26, 1999 reflected that two cases had been in suspense status for over four years. Another 53 cases had been in suspense status from one to four years. The remaining 76 cases had been in suspense status for less than one year. The total amount of overpaid benefits on these cases is projected to be about \$250,000. The longer a debt remains outstanding the harder it is to collect and the greater the chance the debt will not be collected. The RRB trust funds also forego interest income on the outstanding funds.

### **Recommendation**

The Office of Programs should develop internal controls to ensure that benefits are terminated and collection initiated in a timely manner (Recommendation No. 3).

### **Management's Response**

The Office of Programs agreed that procedures and controls should provide for the timely termination of benefits and collection of any erroneously paid benefits following suspension of payments because of a report of death.

In conjunction with Assessment and Training and Field Service, Policy and Systems will review current procedures and practices to determine why cases in which payments are suspended because of SSA death match information remain in suspense after sufficient time has elapsed to investigate and confirm the report. Office of Programs will revise procedures as necessary to provide for timely completion of any investigation necessary to confirm death reports, and to terminate benefits timely once a death has been confirmed. Their target date for completing a review of current procedures and practices, and to issue revised procedures is July 31, 2000.